

To the Members of the California State Assembly:

I am signing Assembly Bill 1383.

While I was supportive of many types of provider fees in my 2007 health care reform proposal and even offered this very same solution several months ago to help address our budget shortfall, I would point out that this bill lacks key features that must be addressed in order for this bill's provisions to be implemented.

- This bill does not contain an urgency clause. Therefore, it will not go into effect until January 1, 2010. Any expectation that this bill can be implemented earlier is not feasible.
- There is no appropriation in this bill. Therefore, the significant departmental workload associated with implementing this bill has not been funded. No steps will be taken to implement this bill unless and until a subsequent appropriation is passed by the Legislature. The Department may, at its discretion, engage with the federal Centers for Medicare and Medicaid Services about the funding proposal as a means to seek preliminary feedback and ascertain whether further statutory changes are needed.
- The bill contains no authority for the funds to be distributed to hospitals, or to provide funding for children's health coverage. There will be additional legislation needed for this authority as well.

The Department's ability to implement this bill will have to rely on actions that have yet to be taken up by the Legislature. I look forward to the expedient passage of subsequent legislation to address the appropriation and funding issues related with this bill.

Sincerely,

Arnold Schwarzenegger